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SUBJECT: ISRAELI ARAB VISITS TO JENIN HAVE MINIMAL ECONOMIC
IMPACT

Classified By: Consul General Jake Walles for reasons 1.4 (b), (d).

¶1. (C) Summary: Israeli Arabs have trickled into Jenin since the GOI began allowing visits to the city in June. Palestinian government and business contacts in Jenin say the hoped-for economic benefits have not materialized. Most Israeli Arabs who cross the barrier, they say, are coming to see family rather than shop. They attribute the disappointing economic impact to the many restrictions placed on the visits, most importantly a ban on vehicles. Jenin authorities expect the GOI to increase the daily cap on Israeli Arab visitors from 200 to 1,000 and expand visiting hours in August, but doubt that the key restriction -- the vehicle ban -- will be lifted any time soon. End summary.

Little Economic Impact of Israeli Arabs in Jenin -----

¶2. (SBU) Palestinian government and business contacts in Jenin say that allowing Israeli Arabs to visit the city is having little economic impact. Historically, Jenin's economy has been closely tied to nearby Israeli Arab towns and villages that were cut off when the GOI restricted movement across the Green Line during the 2nd Intifada. Local businessmen say the city's economic revival depends on reestablishing these commercial links and enticing the thousands of Israeli Arabs that once shopped there to return.

Restrictions on Visitors Limit Economic Benefit -----

¶3. (SBU) According to contacts in Jenin, various restrictions on the visits, which the GOI began allowing in early June, limit their economic benefit to the city. Among the restrictions they cite are:

- a cap of 200 visitors per day;
- a ban on vehicles;
- limited visiting hours (from 8:30 a.m. to 4:00 p.m., Monday to Friday);
- age limitations (no visitors under age 18);
- weight restrictions on purchases (15 kilos);
- type restrictions on purchases (e.g, no fresh meats or fish health for sanitary reasons, no electrical components);
- a ban on suitcases or other large containers for carrying purchases.

Low Number of Visitors Don't Do Much Shopping -----

¶4. (C) Estimates of the numbers of actual visitors range from approximately 80 to 150 per day. City Council member and local businessman Isam al Nimer told EconOff that the

time and effort required to cross the Jalameh crossing near Jenin deters many visitors. Al Nimer said he doubts many Israeli Arabs want the "harassment and humiliation" they often experience at Jalameh "just to save a few shekels on cucumbers."

15. (C) Al Nimer estimated that about 80% of Israeli Arab visitors come primarily to visit relatives, not to shop. "They just buy lunch and go home," he said. Abdallah Baracat, General Director of the Jenin Governorate, said shop owners in Jenin's main markets tell him they see "no difference" in their business. Jenin's economy, said Baracat, is "not really getting better."

Lifting Car Ban Would Help, but Won't Happen Soon

16. (C) Jenin's businessmen say that lifting the ban on vehicles is key. Raghieb Haj Hasan, the vice chairman of a company attempting to develop an industrial park near Jenin, said that only when Israeli Arabs can drive into the city and load up their cars with purchases will the local economy get a real boost. Based on his discussions with GOI officials, Baracat said that lifting the vehicle ban is probably "a long way off," given GOI concerns about security and Jalameh crossing's limited capacity to handle more traffic. Baracat says he does expect the GOI to relax some other restrictions in August, e.g. increasing the maximum of daily visits to 1,000, allowing weekend visits, and perhaps letting shoppers use suitcases to carry purchases.

WALLES